



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

December 19, 2013

Media Contact:
David Barr
(202) 898-6992
dbarr@fdic.gov

FDIC Publication Focuses on Need for Effective Interest-Rate Risk Management

FOR IMMEDIATE RELEASE

The recent sustained low interest-rate environment has led many banks to change their asset mix and funding profiles. "Industry Trends Highlight Importance of Effective Interest-Rate Risk Management," which appears in the Winter 2013 issue of Supervisory Insights released today, looks at how these changes have resulted in increased interest-rate risk (IRR) exposure.

"Policies and procedures that effectively quantify and assess IRR exposure remain a critical component of a bank's overall risk management framework," said Doreen R. Eberley, Director, Division of Risk Management Supervision. "We encourage banks that have experienced significant changes in their asset or funding mix during the past several years to now consider developing risk mitigation strategies, such as those described in this article, to reduce IRR exposure. These strategies are more cost-effective to implement before rates move."

"Lending Trends: Results from the FDIC's Credit and Consumer Products/Services Survey" shares recent survey results relating to loan growth, credit underwriting, factors influencing banks' ability and willingness to lend, and use of loan workouts.

The issuance of the new regulatory capital rules, known as Basel III, will require adjustments to a bank's regulatory capital due to investments in the capital of unconsolidated financial institutions. "The New Basel III Definition of Capital: Understanding the Deductions for Investments in Unconsolidated Financial Institutions" describes these adjustments and provides examples that illustrate how to calculate the deduction.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-120-2013

Supervisory Insights provides a forum for discussing how bank regulation and policy are put into practice in the field, sharing best practices, and communicating about the emerging issues that bank supervisors face. The journal is available on the FDIC's Web site at <http://www.fdic.gov/regulations/examinations/supervisory/insights/index.html>. Suggestions for future topics and requests for permission to reprint articles should be e-mailed to supervisoryjournal@fdic.gov. Requests for print copies should be e-mailed to publicinfo@fdic.gov.

#
